**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 00-0135P**
Gross Income Tax
Fiscal Years Ended 09/30/93, 09/30/94, and Short Years Ended 03/31/95 and 9/30/95

NOTICE:   Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

**ISSUE(S)**

I.      **Tax Administration** – Penalty

    **Authority:**      IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer, incorporated under the laws of Delaware, was audited for fiscal years ended 09/30/93, 09/30/94, and short years ended 03/31/95 and 9/30/95. It has no Indiana business locations. Upon audit it was discovered that the taxpayer failed to report gross income for both the high and low rates of tax from its business in Indiana. Their service personnel perform all inspections, cleaning, rewiring, and replace parts to its customers. The service personnel bring replacement parts to the customer's location in Indiana in company owned vans. Although it filed returns, the taxpayer claimed that all gross receipts were tax exempt. Taxpayer failed to add back property taxes that were deducted in "Cost of Goods Sold".

Upon audit it was discovered that the taxpayer failed to include service receipts in gross income subject to tax.

In a letter dated February 21, 2000, taxpayer protested the penalty assessed and states that it believed the penalty had already been invoked and were surprised to see the assessment.

I.      **Tax Administration** – Penalty

## **DISCUSSION**

Taxpayer requests the penalty be abated because it believes the penalty is erroneous.

Taxpayer was assessed a penalty because it failed to tax its gross receipts and has not provided reasonable cause for failing to do so.

## **FINDING**

Taxpayer's protest is denied.

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